

Changes Needed to Support Manufactured Housing



1 HUD Should Be THE Regulator for ALL Manufactured Housing Construction Standards

HUD has been the sole regulator of manufactured housing (MH) since 1976, and its uniform construction code takes into consideration current building methods and transportation requirements for homes constructed in a factory and transported to the home site.

While current law specifies that HUD's building code is the exclusive federal standard for MH construction and safety requirements, legislative clarification is necessary to **ensure HUD retains sole jurisdiction** over implementation and enforcement of all MH standards.

Without legislative action, the industry is facing Department of Energy (DOE) construction and design requirements that are in **direct conflict** with HUD and based on a largely **inapplicable** site-built code.

- When HUD's Manufactured Housing Consensus Committee considered the DOE's standards for MH last fall, it determined that the DOE failed to consider the unique characteristics of MH construction and transportation requirements.
- As it stands today, the industry is faced with conflicting standards that could undermine MH as the most attainable homeownership option in the country.
- To provide uniformity and clarity, MH energy standards must be considered and adopted by HUD through its HUD Code development process.

ACTION REQUESTED

Cosponsor H.R. 3327, the Manufactured Housing Affordability and Energy Efficiency Act (Kustoff/Sewell), which would:

1. Provide that MH energy standards can only become effective and enforceable once adopted by HUD under the HUD Code development process.
2. Eliminate all references to the International Energy Conservation Code (IECC) from the law authorizing DOE to establish energy standards for MH so that design and construction standards are not based on a site-built construction code.
3. Reaffirm in statute that HUD, through the HUD Code, is the sole regulator of MH construction and safety requirements.

2 FHA Should Do More to Support Manufactured Housing Financing

The Federal Housing Administration (FHA) has a critical role in insuring mortgages for first-time, minority, and other underserved borrowers – including achieving homeownership by purchasing a manufactured home (MH).

Due to a lack of updates, FHA's mortgage insurance programs are not serving those seeking homeownership through manufactured housing. FHA's Title I program for personal property loans needs substantial reforms to restore its role in this sector and FHA's Title II program for real property loans needs updates so FHA can better fulfill its mission of homeownership.

- **FHA's Title I program** is for personal property manufactured home loans (which finance only the manufactured home and not the land). There were **ZERO** manufactured home loans insured by FHA's Title I program in 2022.

Changes that are essential to restore FHA Title I as a viable personal property loan program include:

1. Align FHA manufactured home definitions with HUD Code definitions;
2. Allow an adequate loan origination fee;
3. Allow financing of closing costs; and
4. Align FHA Title I underwriting standards with Title II standards.

- **FHA's Title II program** is for real property manufactured home loans (which finance both the home and land). Manufactured homes made up only 4.3 percent of all new single-family loans insured by the Title II program in 2022.

Changes that need to be made to FHA's Title II program so it can support more purchasers of manufactured homes include:

1. Improve guidance for CrossMod homes to ensure accurate appraisals, as both Fannie Mae and Freddie Mac have already done;
2. Incorporate the HUD Code's model minimum installation standards;
3. Revise the requirements for manufactured homes in flood zones; and
4. Lift the prohibition against financing for relocated homes.

ACTION REQUESTED

Tell HUD to update FHA's guidelines to improve manufactured home financing options.

3

Federal Policies Should Support Development of New and Preservation of Existing Land-Lease Communities

There are more than 43,000 land-lease manufactured housing communities in the country with almost 4.3 million home sites. About one-third of the new manufactured homes built today are placed in these land-lease communities. Homeownership in land-lease communities is affordable and often less expensive than renting an apartment.

- Demand for living in land-lease communities continues to rise because of the financial and lifestyle benefits of owning a home. In addition, people are attracted to well-maintained outdoor spaces and neighborhood amenities.
- Professional management of land-lease communities ensures that critically needed infrastructure (water, sewer, roadways, and amenities) are continuously updated in order to protect the homeowner's investment in their home. Capital expenditures by professionally managed community operators have continued to increase annually, and at faster rates than rent adjustments.
- U.S. Census data and MHI research consistently show that residents of land-lease communities are highly satisfied and are likely to recommend living in manufactured housing communities to others.

Increasing and preserving manufactured housing communities - which offer THE most affordable homeownership option for families - should be a top federal housing policy priority.

ACTION REQUESTED

1. Federal affordable housing policies should encourage capital investment into land-lease communities to build, to update, and to preserve land-lease communities, through initiatives such as creating more flexible investment incentives under the Opportunity Zone statute.
2. HUD programs should allow all eligible community owners to obtain grants and financing to preserve and revitalize manufactured housing communities, including through the newly created Preservation and Reinvestment Initiative for Community Enhancement (PRICE) grant program.
3. Fannie Mae and Freddie Mac should expand their commitment to financing manufactured housing communities.



4

Congress Should Remove Permanent Chassis Requirement

The current definition of a “manufactured home” in federal law is many decades old and reflects the origins of manufactured housing in the United States when these homes were trailers. Modern manufactured housing has little in common with a trailer; instead, today’s manufactured homes are indistinguishable from traditional site-built homes.

Removing the permanent chassis requirement would:

- Allow for HUD Code homes with a more desirable low-profile installation aesthetic.
- Facilitate more multi-story HUD Code home designs.
- Improve efficiency, reduce waste, and lower costs because less energy and fewer resources would be used during construction.
- Overcome local government zoning prohibitions that use the chassis requirement as a method for zoning manufactured housing out of their area.

ACTION REQUESTED

Support the language in the Renewing Opportunity in the American Dream (ROAD) to Housing Act, proposed by Senate Banking Committee Ranking Member Tim Scott, to remove the chassis requirement:

Section 603(6) of the National Manufactured Housing Construction Safety and Standards Act of 1976 (42 11 U.S.C. 5402(6)) is amended by striking “built on a permanent chassis and”.